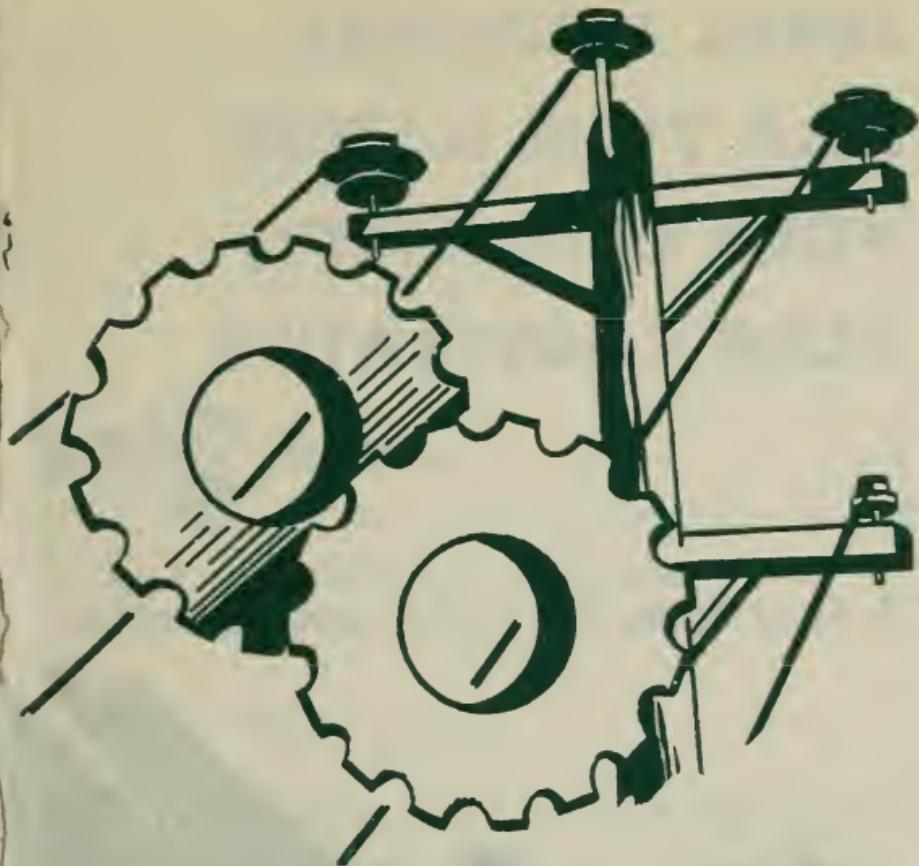


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**RURAL
INDUSTRIES**
help
your nation
your community
your cooperative
and
You!

RURAL ELECTRIFICATION ADMINISTRATION
U. S. Department of Agriculture

RURAL INDUSTRIES HELP YOUR NATION, YOUR COMMUNITY, YOUR COOPERATIVE

• • • • • and *You*

A few facts for your consideration

The purpose of this leaflet is to show how industrial development of rural areas benefits the Nation, community, and the co-op and what can be done to interest businesses to locate in areas served by rural electric systems.

Reports from REA-financed co-ops indicate that increased industrialization also means increased kilowatt-hour consumption, either through actual service to industry or because of related activities which will affect co-op members. What is equally important is that rural industries are just as essential to the mobilization program as industries located in urban areas. Rural electric systems are repeatedly being called upon to supply power to all types of factories, mines, assembly plants, defense installations, and other power consumers that are directly part of the mobilization effort.



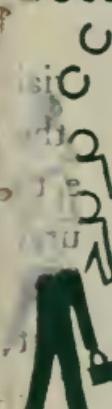
What is a rural industry?



A business in a rural area in which products are partially or completely processed, or in which services are performed.

Rural industries are desirable loads for REA borrowers' systems

Because they may:



1. Generally improve system load factor.
2. Create more cash income for members.
3. Provide seasonal and part-time labor.
4. Have a stabilizing effect on community.
5. Provide a new market for farm-produced raw materials.
6. Supply a needed market demand.

small industry is often better than large one.

Because:



It does not overtax existing community facilities such as health, housing, schools, water, power and the like.

Just how large should the rural industry be?



Any size industry will be beneficial. However, in some cases, system capacity or the power supply will limit the size. Often the cost of supplying service will be a limiting factor.

Rural industries will contribute to meeting the Nation's defense production goals.

By providing:

Means of meeting vital defense needs.

Increased food and fiber production.

Savings in transportation costs and shipping space.

Utilization of rural labor in established communities which saves the expense of providing housing and other facilities in new areas.

Stabilization of labor market.

Opportunity for decentralized industry.

Rural industries always come from the following four sources:

- 1. Local origin, financed and controlled by local residents.
- 2. An entirely new undertaking owned by outside capital.
- 3. A branch of some existing plant.
- 4. An entire factory moved from one location to another.



How would you go about getting rural industries for your cooperative area?

This is a big order. When you realize that any new industry must come from one of the four sources mentioned the field becomes somewhat limited.

Local need for a manufactured product could well serve as a stimulant for developing local interest.

Some communities, because of their location or the availability of certain raw products will find industries coming to them.

Advertising is often used to attract industry.

Probably the best method of all for attracting industries for a specific location is interesting the people in the community. Businessmen and farmers alike are frequently in touch with persons who are acquainted with someone who does know of a possible industry.

A well-organized community organization is essential for the proper channeling of these leads.

No lead is too unimportant to follow-up.

In some States, the State industrial development commission may prove helpful.

The community that can best sell itself to the prospective industry will often be the successful bidder.

Some of the advantages of rural locations to industry are:



- 1. Better living and working conditions.
- 2. Room for operation and expansion.
- 3. Less competitive labor market.
- 4. Lower operating overhead.
- 5. Closer to supply of raw materials.
- 6. Less danger from enemy air attack.

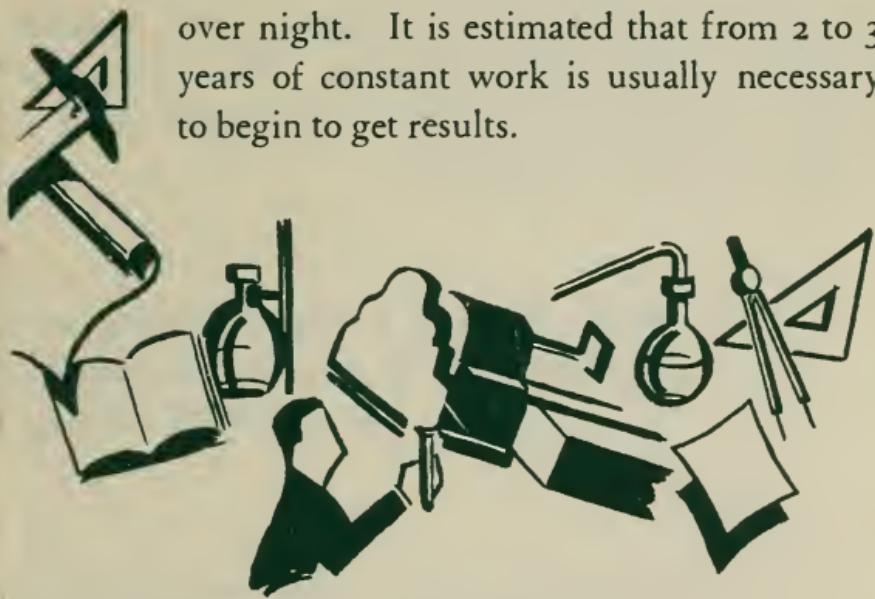
Industry in selecting a rural location usually considers the following:

Normally there are 13 basic factors. These do not always apply to all industries and there are many others that are considered by some.

- 1. Location of production materials
- 2. Labor market
- 3. Available sites
- 4. Industrial fuel
- 5. Transportation
- 6. Market
- 7. Distribution facilities
- 8. Electric power
- 9. Water
- 10. Living conditions
- 11. Laws and regulations
- 12. Tax structure
- 13. Climate

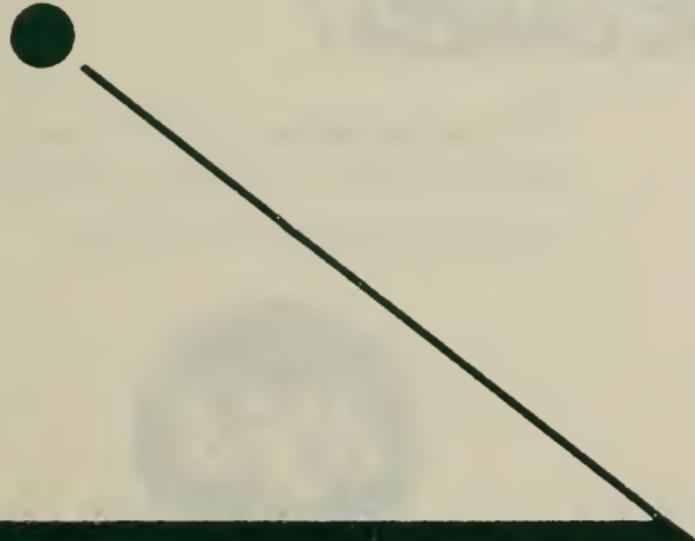
Developing rural industries is a slow process.

Industries for a rural area are not secured over night. It is estimated that from 2 to 3 years of constant work is usually necessary to begin to get results.



A well-conceived rural industries program will pay for itself and more too.

The added revenue from 5 or 6 good small industries will aid the co-op in adding facilities and personnel for its power-use program and also assist in its drive for area coverage.



To get a rural industries program started in a co-op area.

An Industrial Development Program is an involved procedure, and is time-consuming. There are a few definite conditions that must exist before such a program should be considered.

1. There must be a definite desire, and willingness on the part of the people in the community for industrial development.
2. Personnel of the co-op and the community people must work closely together.
3. Community members should be willing to spend considerable time on the project.
4. What is good for the community is good for the cooperative.

Results:

The accomplished goal will amply reward those who put forth this increased effort to attract industries in rural areas.

